



Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

April 9, 1991

TO: Board of Oil, Gas and Mining

THRU: Dianne R. Nielson, Director *DRN*

FROM: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: Request for Board Approval, Amount and Form of Replacement Surety, North Lily Mining Company, Tintic Heap Leach Project, Permit Amendment, M/023/007, Juab County, Utah

The Division requests the Board's approval of the form and amount of replacement surety posted by North Lily Mining Company (NLMC), for their Tintic Heap Leach Project, located in Juab County, Utah. On November 29, 1990, NLMC submitted an application to amend their approved mining and reclamation plan. The Division has evaluated the proposal and has determined the revised plan to be complete. The Board approved the original permit application for this project in April of 1988.

The permit amendment involves an expansion of the existing heap leach pad and a minor change to the processing facilities. The footprint of the existing heap will be enlarged by approximately 3.6 acres for Phase 1 of the expansion. Two similarly-sized pad expansions were included as part of the amendment application. Detailed engineering plans have not been developed for Phases 2 and 3, therefore, they are not being considered for approval at this time.

The operator will re-mine a series of older prelaw waste dumps, transport the screened fines to the existing processing site where they will be agglomerated and heap leached. The re-impacted prelaw waste dump areas will be reclaimed to the approximate original contour.

The Division has revised the reclamation estimate to reflect the amendment to the approved permit (Phase 1 expansion). NLMC has provided the Division with a replacement Certificate of Deposit from First Security Bank of Utah in the amount of \$158,900 (1996 dollars). A revised executive summary is attached describing the project amendment. Copies of the revised reclamation surety estimate, replacement reclamation surety (CD) and reclamation contract (FORM MR-RC) are attached for your reference. Thank you for your time and consideration of this request.

Attachments

an equal opportunity employer

0003

FORM MR-RC
Revised May 30, 1990
RECLAMATION CONTRACT

File Number M/023/007

Effective Date April 25, 1991

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

*Contract Replaced
12-15-00
This original
returned to
operator*

RECEIVED

MAR 22 1991

DIVISION OF
OIL GAS & MINING

RECLAMATION CONTRACT

—ooOoo—

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/023/007
Gold/Silver

"MINE LOCATION":
(Name of Mine)
(Description)

Tintic Project
Cyanide Leach Plant

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

68 Acres
Refer to Attachment A

"OPERATOR":
(Company or Name)
(Address)

(Phone)

North Lily Mining
P.O. Box 421
Eureka, Utah 84628
(801) 433-6804 Office
(801) 433-6803 Fax

"OPERATOR'S REGISTERED AGENT":

(Name)
(Address)

(Phone)

Grant A. Pinkerton
P.O. Box 421
Eureka, Utah 84628
(801) 433-6804

"OPERATOR'S OFFICER(S)":

Anton Hendriksz
Tom Crom
George Holcomb

"SURETY":

(Form of Surety - Exhibit B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

First Security Bank

"SURETY AMOUNT":

(Escalated Dollars)

\$158,900.00

"ESCALATION YEAR":

1996

"STATE":

"DIVISION":

"BOARD":

State of Utah
Division of Oil, Gas and Mining
Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

B "SURETY":

05/02/88 and 10/24/89

03/15/88 CD # ~~1086700~~

03/15/91 CD # ~~008125-1-701500~~

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice-of Intention (NOI) File No. **M/023/007** which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with, Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 25th day of April 19 91.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY


James W. Carter, Chairman
Board of Oil, Gas and Mining

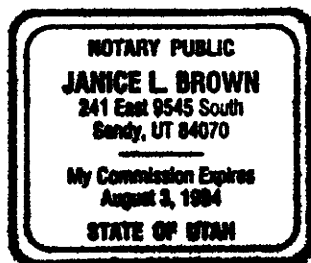
DIVISION OF OIL, GAS AND MINING:

By *Dianne R. Nielson*
Dianne R. Nielson, Director

4-26-91
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 26th day of April, 19 91, personally appeared before me, who being duly sworn did say that he/she, the said Dianne R. Nielson is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledge to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.



Janice L. Brown
Notary Public
Residing at: Sandy, Utah

August 3, 1994
My Commission Expires:

OPERATOR:

Operator Name: NORTH Lily Mining Company

By Executive Vice President
Corporate Officer - Position

Date 3/20/91

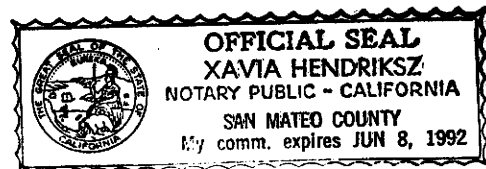
Thomas L. Cron
Signature

STATE OF California)
COUNTY OF San Mateo) ss:

On the 20th day of March, 19 91, personally
appeared before me Thomas L. Cron who being
by me duly sworn did say that he/she, the said Thomas L. Cron
is the Executive Vice President of North Lily Mining Company
and duly acknowledged that said Instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Thomas L. Cron duly acknowledged to me that said
company executed the same.

Xavia Hendriksz
Notary Public
Residing at: Mass Beach, California

6/8/92.
My Commission Expires:



SURETY:

First Security Bank of Utah, N.A.
Surety Company

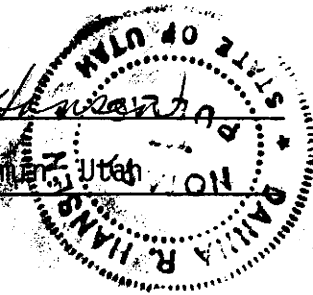
By Barbara Butler Account Representative March 15-1991
Company Officer - Position Date

Barbara Butler
Signature

STATE OF Utah)
COUNTY OF Utah) ss:

On the 15th day of March, 19 91, personally
appeared before me Barbara Butler who being
by me duly sworn did say that he/she, the said Barbara Butler
is the Account Representative of First Security Bank of Utah, Payson Office
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Barbara Butler duly acknowledged to me that said
company executed the same.

Danna R. Hansen
Notary Public
Residing at: Benjamin, Utah



9-14-91

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.

Attachment "A"

(detailed legal description)

Location of Proposed Activities

Plant/Heap Site

County: Juab
Township: 10 S Range 3 W
Section: SE 1/4 of NE 1/4 Section 35

North Lily Tailing Dump (Red Dump)

County : Juab
Township: 10 W Range 3 W
Section: NE 1/4 of NE 1/4 Section 35

Mammoth Mine Dump

County : Juab
Township: 10 W Range 3 W
Section: NE 1/4 of NE 1/4 Section 25

Centennial-Eureka Dump

County : Juab
Township: 10 S R3W
Section: NW & NE 1/2 of NE 1/4 of Section 24